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A G U I D E F O R

# Effective Human Resource Planning



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**Alberta**  
CAREER DEVELOPMENT  
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# Effective Human Resource Planning

**T**his guide is designed to help small and medium-sized business owners or managers with the basic elements of human resource planning. The information contained in this booklet has been developed based on approaches used by several successful companies in Canada.

## **WHAT IS HUMAN RESOURCE PLANNING?**

Essentially, human resource planning is a process of determining an organization's labour requirements and of deciding how to best meet those requirements, whether it be through hiring, retraining, promotion or re-alignment of staff. It means having the right number of employees in the right jobs at the right time. It also means having a good understanding of your employees' needs.

Once you have completed the human resource planning process you should be able to answer the following questions:

- Do we have enough appropriately skilled people to handle our current or anticipated future workload?
- If not, why not? Is it excessive staff turnover? Is there a mismatch of skills to jobs? Is it general labour shortages?
- How can we adjust employee numbers, skill levels and responsibilities to meet our labour requirements and satisfy the career development needs of staff?
- What innovative or new things can we do to make better use of employees to tap their full potential?
- What major trends in the job market will impact our ability to recruit?

## **WHY DO HUMAN RESOURCE PLANNING?**

### **IT PROVIDES YOU WITH A COMPETITIVE EDGE**

The future of your business may depend on the human resource decisions you make today. These decisions may determine how effectively you are able to respond to a rapidly changing and highly competitive global economy.

Planning for tomorrow's labour requirements means investing some time now. Human resource planning provides you with the best people available for the job when you need them and can give you a competitive edge.

### **IT SAVES YOU MONEY**

More and more employers are turning to human resource planning to help them become more effective and profitable. It helps to prevent skill shortages, enhance staff morale and improve productivity. The costs of lost production due to skill shortages or mismatching of skills to jobs, can be high for most organizations. Many employers find employee costs can be up to 80 per cent of the total costs. A major objective of human resource planning is to ensure these costs are minimal.

### **IT IS AN ESSENTIAL PART OF MANAGEMENT AND BUSINESS PLANNING**

The essential first step in human resource planning is the development of a business plan outlining the company's mission, position in the marketplace, objectives and



goals, and strategy for achieving those goals. With a business plan, an employer is better able to determine the type and number of employees required by the company, both now and in the future. Conversely, without a good understanding of your human resources you do not have all the information for an effective business plan. If you do not already have a business plan in place or would like more information on this important subject, call:

**Alberta Economic Development and Trade's Business Line at 422-9494 in Edmonton.**

Elsewhere in Alberta:

**Dial 1-800-272-9675 (toll free).**

Department counsellors and specialists are available to assist you with business planning

This guide will "walk you through" the above components. In following this guide we would recommend you set aside a small period of time—say two to four hours – and do the various steps using only information that is readily available to you. There will likely be significant gaps in the type of data that is available and what is requested in the guide. For the first time through the guide, don't stop the process to wait for more data. This approach will provide you with some immediate feedback for a minimal investment in planning efforts.

An overview of the model is provided on page 4. You are invited to study this model and adapt it to your company's own unique needs.

## **H**OW SHOULD I CONDUCT PLANNING FOR MY HUMAN RESOURCES?

Human resource planning for large organizations can become quite complex. For smaller to medium-sized employers, Alberta Career Development and Employment has developed a straightforward model that includes the following six elements:

1. Organizational Review
2. Current Skills Inventory
3. Assessment and Forecast of Needs
4. Review of Human Resource Options
5. The Human Resource Plan
6. Review and Follow-Up

# THE HUMAN RESOURCE PLANNING MODEL

**1**

## **Organizational Review**

Clarifies structure of organization and how it should change to meet goals of the business plan.

**2**

## **Current Skills Inventory**

Determines skills and capabilities of current staff.

**3**

## **Assessment of Needs**

Determines how many people and types of skills are required to meet your company's labour needs.

**4**

## **Review of Human Resource Options**

Examines the various options available for acquiring the people and skills you need.

**5**

## **The Human Resource Plan**

Outlines in writing the steps required to adjust staff size and skill level.

**6**

## **Review and Follow-up**

Monitors progress and allows for fine tuning and adjustment of Human Resource Plan.



# ORGANIZATIONAL REVIEW

In this component examine the structure of your organization and determine how it could be changed to accommodate your business plan.

## Draw an Organizational Chart

Begin by drawing an organizational chart listing all the positions, both filled and vacant, in your company. Draw a line from each position to the appropriate manager or supervisor.

Once you have completed this chart, you may want to develop a better understanding of the actual work involved in each position. It is easy to sometimes lose track of what everybody in an organization is doing. The simplest way to gain a better understanding may be to ask employees about their jobs. You may even wish to have your employees complete a questionnaire. If so, a sample questionnaire is provided in Appendix I.

## Assess How Jobs Must Change to Accommodate the Business Plan

This can be accomplished by asking yourself the following questions:

	YES	NO
• Does my business plan call for changes to production methods, output, equipment, markets or product lines?	<input type="checkbox"/>	<input type="checkbox"/>
• Will these changes result in the creation, elimination or alterations of jobs?	<input type="checkbox"/>	<input type="checkbox"/>
• Are there ways to improve current operations by redesigning or amalgamating overlapping or redundant positions?	<input type="checkbox"/>	<input type="checkbox"/>

Additionally, you could ask your employees for their suggestions on improving operations.

Written job descriptions also can help you decide how to restructure your organization. Sample job description forms are provided in Appendix II.

## Revise the Organizational Chart

After examining your organizational chart and determining what changes are required, draw a second chart illustrating what you expect your organizational structure to look like at the end of the period covered by your business plan. If you are prepared to listen to your employees and managers and act upon their input, then it may be useful to show the chart to employees and management to help them

understand how they fit into the organization's overall plans. You could explain what positions must be created, eliminated, amalgamated or redesigned in order to achieve this organizational structure. If you are communicating plans for change you should explain why these changes are required. Carefully consider the comments and suggestions of staff and, if need be, adjust the chart accordingly.



## 2

## CURRENT SKILLS INVENTORY

In this component take an inventory of your employees' skills and assess how well current staff can meet present and future needs of your organization.

Often employees are required to use only some of their skills on the job. They may well possess training or capabilities unrelated to their positions but of use to your company in other areas or in the future.

### Examine Employee Records

Resumes and applications can be a good source of information regarding an employee's personal, educational and employment background. These records can provide you with a good indication of your employee's aptitudes and skills. You also could develop a survey to obtain additional information.

### Review Performance Appraisals

Reviewing the results of routine performance appraisals can help you determine an employee's competence, promotability, learning ability, training needs and willingness to adapt to the changes called for by your business plan.

If your company does not have a performance appraisal system, consider implementing one. It ensures that each employee regularly sits down with a supervisor to discuss and mutually agree upon that employee's job performance, career aspirations and development needs. Assisting valued employees to achieve their career goals encourages them to remain with your organization.

## 3

## ASSESSMENT AND FORECAST OF NEEDS

In this component try to anticipate staff changes likely to be caused by turnover and attrition and calculate the number of positions which must be filled or eliminated to accommodate the goals of your business plan. (e.g. expansion).

### Anticipate Change

Estimate the number of people likely to leave your organization for any of the following reasons:

- resignation
- dismissal
- disability or death
- retirement
- transfer

Most employers can anticipate such changes by studying their company's employment history. In larger companies, historical percentages of attrition can forecast future needs. In smaller organizations understanding the individual needs and career aspirations of such employees becomes very important.

Also take note of general economic conditions. Keep in mind that turnover rates decline during recessionary times because fewer jobs are available elsewhere. Conversely, during periods of growth, turnover rates rise and more positions are created in other companies.



By now you have a clear idea of the size and skill-level of your staff and an estimate of the number of employees you may lose through attrition. Below you will find a worksheet designed to help you record this knowledge and calculate your organization's net human resource requirements.

In column A record, for each occupation, the total number of people that your organization will require by a certain year.

In column B record, for each occupation, the number of people currently employed. Subtract column B from column A and enter the result in column C. In column D record the number of employees you anticipate losing through attrition. Add column C and D and enter the result in column E. This will tell you how many positions must be filled or eliminated to meet your company's staff requirements.

7



## REVIEW OF HUMAN RESOURCE OPTIONS

In this component review and select the best methods for acquiring the skills and people your company requires. Essentially, there are four main options:

- Teach existing employees new skills.
- Promote existing employees and/or rotate their jobs.
- Expand the responsibilities held by existing employees.
- Hire new employees.

### Teach Existing Employees New Skills

Under this option, selected employees undergo a well-planned training program to equip them with new skills. There are several advantages to training existing employees rather than laying them off and hiring new ones who already have the skills you need. Training improves staff moral; employees feel more secure and know they can further their careers without having to move to other companies. It is also true that you are more likely to retain valued employees who are familiar with and loyal to your organization.

Training may occur on-the-job, in formal courses, through home study, or through a combination of all three. Alberta Career Development and Employment offers employers considerable help in financing and establishing training programs.

### Promote Existing Employees and/or Rotate Their Jobs

Employers can improve the skills and abilities of staff members by promoting them into more responsible jobs or by shifting

them laterally into different but equally responsible positions. Promotion or job rotation can enhance your employees' motivation, skills and understanding of how the organization operates. This option may not necessarily require formal training, though some degree of on-the-job instruction is usually required.

### Expanding Responsibilities

Under this option, an employee's job description is modified to accommodate a minor adjustment in a company's labour requirements. This helps to streamline your operation and it can satisfy an employee's desire for new challenges and personal career development.

### Hire New Employees

Though costly and risky, hiring new personnel is often the only choice for employers who require certain skills immediately or who lack the resources to train existing staff.

In considering this option, employers should take into account labour market supply and demand. Is there a good supply of people with the skills you need in your area? Is this supply expected to grow or diminish in the future? If supplies of workers are low and demand for them high, you should allow more time for the hiring process and expect to recruit from outside the immediate geographic area.

For information about labour market supply and demand, contact Alberta Career Development and Employment or professional and occupational associations that



might represent the type of person you are seeking.

### **Outline the Pros and Cons of Each Option**

In assessing the options, consider the effects each will have on:

- staff morale and motivation
- short and long-term productivity
- current job arrangements
- company finances

### **Decide Which Options Best Suit Your Business Plan**

In reviewing your options, remember the goals of your business plan. For example,

if it calls for the rapid introduction of new technology, you may not have time to train existing staff and so will need to hire new employees. You may find that none of the options will enable you to meet your firm's labour needs. In this case, you may need to revise your business plan to more accurately reflect your ability to hire, retain and train employees. This could involve revising production goals or rescheduling an expansion.

**While the foregoing describes four main options, this guide should also have you thinking about other key questions, such as:**

- How will I reward or compensate employees?

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- What is the best way to provide direct feedback to employees?

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- How can I ensure "quality" through better strategies for pay and performance feedback?

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- How can I change my recruitment/training to reflect my prime business needs?

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## 5 THE HUMAN RESOURCE PLAN

Now that you have taken inventory of staff skills, calculated labour requirements for the next several years, and reviewed your human resource options, you are ready to formulate a human resource plan.

Begin by deciding which human resource options you wish to implement. For each option specify what actions must be taken

(e.g., will hire outside instructor to teach five employees how to use new computer software package), which employees will be involved, how much time and money is required, and which staff member will be responsible for overseeing each action. This information can be recorded on a progress review chart similar to the one shown below.

PROGRESS REVIEW CHART					
OPTION:					
ACTION TO BE TAKEN	NAMES OF EMPLOYEES INVOLVED	START AND ESTIMATED FINISH DATE	BUDGET (If applicable) ESTIMATED COSTS	PERSON RESPONSIBLE FOR ACTIVITY	DATE ACTUAL COMPLETION
1					
2					
3					
4					
5					



# REVIEW AND FOLLOW-UP

This component consists of periodically reviewing your human resource plan and, if need be, adjusting it to reflect changing business conditions. To determine if your human resource plan is proceeding on schedule, simply refer to your progress review chart.

Keep in mind that as economic conditions change and new opportunities and problems arise, you will need to revise both your human resource and business plans

accordingly. For example, you may want to adjust staff size and production levels in response to an unexpectedly large increase in demand for your products. Or, you may want to reduce turnover rates by introducing a system of job rotation and promotion. We recommend that you assign one person to regularly review your human resource plan and discuss it with whoever is responsible for overseeing your business plan.

## SUMMARY

Human Resource Planning essentially consists of projecting your firm's short and long-term labour needs and deciding how to adjust staff size and skill level to meet those needs. Adjustments can be made through training, promotions, job rotation, the realignment of responsibilities and the hiring of new employees. The straight forward, six-component human

resource planning model outlined in this document provides employers with a guide for determining what adjustments to make and how to make them. By following it, in conjunction with a carefully developed business plan, employers in every industry can more effectively recruit, retain and develop employees.

**For more information or help, contact the nearest Alberta Career Development Centre or the Career Information Hotline:**

### BONNYVILLE

Room 209  
Provincial Building  
Box 3219  
Bonnyville, Alberta  
T0A 0L0  
Telephone: 826-6142

### EDMONTON

4th Floor,  
One Twelve Professional  
Centre  
10050 - 112 Street  
Edmonton, Alberta  
T2K 2R4  
Telephone: 427-8517

### GRANDE PRAIRIE

Provincial Building  
Rm. 1201, 10320 - 99  
Street  
Grande Prairie, Alberta  
T8V 6J4  
Telephone: 538-5430

### CALGARY

Room 306  
1015 Centre Street, N.W.  
Calgary, Alberta  
T2E 2P8  
Telephone: 297-6247

### FORT McMURRAY

7th Floor, West Tower  
Jubilee Centre  
9915 Franklin Avenue  
Fort McMurray, Alberta  
T9H 2K4  
Telephone: 743-7192

### HINTON

Yellowhead Building  
P.O. Box 1850  
Hinton, Alberta  
T0E 1B0  
Telephone: 865-8293

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## **ALBERTA CAREER DEVELOPMENT CENTRES:**

(Continued from page 11)

### **LETHBRIDGE**

402 Professional Building  
740 - 4th Avenue, South  
Lethbridge, Alberta  
T1J 0N9  
Telephone: 381-5419

### **RED DEER**

Provincial Building  
4920 - 51 Street  
Red Deer, Alberta  
T4N 6K8  
Telephone: 340-5151

### **VERMILION**

Room 2001  
Provincial Building  
Box 268  
Vermilion, Alberta  
T0B 4M0  
Telephone: 853-8150

### **Career Information Hotline**

**Dial "0" and ask for Zenith 22140 or, in Edmonton, dial 422-4266**



# APPENDIX I

## SAMPLE EMPLOYEE QUESTIONNAIRE

### 1 Job Description

What is the overall purpose of your job?

What are the main tasks in your job, and what percentage of your work week is usually spent on each of those main tasks?

_____	_____ %
_____	_____ %
_____	_____ %

What is the most difficult or complex part of your job? Why?

### 2 Qualifications Required for the Job

What skills and knowledge are required to do the job?

What experience and training is required to start the job?

What is the minimum education required to do the job well?

### 3 Performance and Productivity

What is the fairest and most effective way to judge your job performance?

How could productivity be improved in or around your job area?

### 4 Suggestions for Changes in the Company

What changes would you like to see in company policies, job assignments, training, promotion opportunities, pay, benefits, supervision or in other areas of the company's operation?

## **A**PPENDIX II

### **JOB DESCRIPTION**

Using the information gathered in an employee survey, develop descriptions for every type of job in your company. A typical example of a written job description is found on the following page.

The following definitions may be useful in writing job descriptions for your own workers.

#### **Classification:**

A name describing how a position relates to other positions in the company in terms of seniority and status. For example, a junior secretary could be classified as S1, a senior secretary as S2.

#### **Main Purpose:**

One or two sentences accurately describing the nature of a particular job.

#### **Key Responsibilities:**

A list of the major tasks which must be performed in a job.

#### **Authority and Scope of Operations:**

Several statements indicating how much responsibility a particular position has in terms of spending power, number of people supervised, the type and importance of decisions made.

#### **Key Performance Criteria:**

Three to five main duties or products against which the employee's performance can be measured.



# SAMPLE JOB DESCRIPTION

## Welding Service Company (Example)

**JOB TITLE:** Field Supervisor—Management  
**CLASSIFICATION:** Class 3 (\$35,000 - \$45,000 Per Annum)  
**DATE:** March 20, 1988

### Main Purpose

The position supervises a region of operations, ensuring that employees within the region receive proper assignments and the tools and support necessary to get the work done on time and on budget.

### Key Responsibilities:

- Meet with manager to determine overall workload
- Plan workload into specific job assignments
- Meet with employees and distribute job assignments
- Monitor and review progress of each assignment
- Review each person's overall job progress and discuss training and development needs
- Submit annual budget
- Produce monthly time report and budget information
- Review progress and update clients as needed
- Evaluate satisfaction of clients

### Authority and Scope of Operations

The supervisor manages a staff of 20 field workers, including skilled journeyman welders. The position has full authority and accountability for allocating staff time to projects and for an annual operating expense budget of \$120,000.

### Skills Required

Technical: Excellent knowledge of all facets of company operations.

Interpersonal: Good communication skills and ability to relate well to staff and clients.

Management or Supervisory: Ability to plan workloads; ability to lead staff.

Education: Journeyman certification in welding.

Years of Experience: Eight years minimum.

### Key Performance Criteria

- Number of projects completed
- Client satisfaction
- Number of repeat clients
- Total lost hours

# ADDITIONAL NOTES

SAMPLE JOB DESCRIPTION  
 Welding Service Company (Example)

Job Title: Welding Service Company (Example)

Job ID: 12345

Department: Welding Service Company (Example)

Reporting Manager: Welding Service Company (Example)

Job Summary: Welding Service Company (Example)

Job Description: Welding Service Company (Example)

Key Responsibilities: Welding Service Company (Example)

Qualifications: Welding Service Company (Example)

Education: Welding Service Company (Example)

Experience: Welding Service Company (Example)

Skills: Welding Service Company (Example)

Physical Demands: Welding Service Company (Example)

Work Environment: Welding Service Company (Example)

Supervisory Functions: Welding Service Company (Example)

Key Performance Indicators: Welding Service Company (Example)

Notes: Welding Service Company (Example)





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